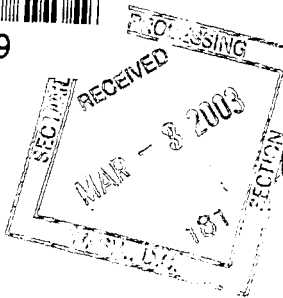




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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	October 31, 2004
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8- 34202

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/02 AND ENDING 12/31/02
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: SCHLITT INVESTOR SERVICES, INC.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

1717 INDIAN RIVER BLVD. - SUITE 300

(No. and Street)

VERO BEACH, FLORIDA 32960

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

ROBERT W. SCHLITT, JR.

772-567-1188

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

STEVEN MOHLER, CPA, PA

(Name - if individual, state last, first, middle name)

2127 - 10th AVENUE, VERO BEACH, FL 32960

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

MAR 20 2003

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FINANCIAL


FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

BB
3/19

OATH OR AFFIRMATION

I, ROBERT W. SCHLITT, JR., swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of SCHLITT INVESTOR SERVICES, INC., as of 12/31/02, 20 , are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Signature
President

Title

Notary Public

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

****For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

SCHLITT INVESTOR SERVICES, INC.

**Financial Statements and Supplementary Information
with Independent Auditor's Report**

December 31, 2002 and 2001

TABLE OF CONTENTS

Independent Auditor's Report

Statements of Financial Condition

Statements of Income

Statements of Changes in Stockholders' Equity

Statements of Cash Flows

Notes to the Financial Statements

Supplementary Information

 Auditor's Report on Supplementary Information

 Schedule I - Computation of Net Capital

Auditor's Report on Accounting Control

STEVEN MOHLER, CPA, PA

Certified Public Accountant

2127 - 10th Avenue

Vero Beach, Florida 32960

772-778-6699

Independent Auditor's Report

To the Stockholders
Schlitt Investor Services, Inc.
Vero Beach, Florida

I have audited the accompanying statements of financial condition of Schlitt Investor Services, Inc. as of December 31, 2002, and December 31, 2001, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with general accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Schlitt Investor Services, Inc. at December 31, 2002, and December 31, 2001, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.



Steven Mohler, CPA, PA
Certified Public Accountant

February 24, 2003

SCHLITT INVESTOR SERVICES, INC.
Statements of Financial Condition

December 31, 2002 and 2001

Assets	<u>2002</u>	<u>2001</u>
<u>Current Assets</u>		
Cash	\$ 26,206	\$ 11,531
Receivable from brokers, dealers and clearing organizations	2,006	351
Loans receivable - affiliates	11,400	17,991
Other accounts receivable	3,399	7,657
Total Current Assets	<u>43,011</u>	<u>37,530</u>
<u>Other Assets</u>		
Investments	-	1,267
Deposits	7,500	15,000
Total Other Assets	<u>7,500</u>	<u>16,267</u>
Total Assets	<u><u>\$ 50,511</u></u>	<u><u>\$ 53,797</u></u>
 Liabilities and Stockholders' Equity		
<u>Current Liabilities</u>		
Accounts payable and accrued liabilities	\$ 802	\$ 154
Accounts payable - other	-	633
Total Current Liabilities	<u>802</u>	<u>787</u>
<u>Stockholders' Equity</u>		
Common stock, \$1 par value; 10,000 shares authorized; 200 shares issued and outstanding	200	200
Additional paid-in capital	22,143	22,143
Retained earnings	27,366	30,667
Total Stockholders' Equity	<u>49,709</u>	<u>53,010</u>
Total Liabilities and Stockholders' equity	<u><u>\$ 50,511</u></u>	<u><u>\$ 53,797</u></u>

See the accompanying notes to the financial statements

SCHLITT INVESTOR SERVICES, INC.
Statements of Income

Years ended December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
<u>Revenues</u>		
Commissions earned	\$ 212,866	\$ 286,791
Miscellaneous revenue	558	4,963
Total revenues	<u>213,424</u>	<u>291,754</u>
<u>Expenses</u>		
Commissions expense	92,134	130,053
Management fees	106,337	148,002
Dues and fees	7,986	5,940
Licenses and taxes	213	631
Advertising	1,148	415
Professional fees	2,853	3,810
Clinics and seminars	1,598	419
Insurance	-	867
Other	81	440
Loss on write-down of asset	375	-
Total expenses	<u>212,725</u>	<u>290,577</u>
Net income	<u><u>\$ 699</u></u>	<u><u>\$ 1,177</u></u>

See the accompanying notes to the financial statements

SCHLITT INVESTOR SERVICES, INC.
Statements of Changes in Stockholders' Equity

Years Ended December 31, 2002 and 2001

	Common Stock	Additional Paid-in Capital	Retained Earnings	Total
<u>Balance, December 31, 2000</u>	\$ 200	\$ 22,143	\$ 34,490	\$ 56,833
Shareholder distributions	-	-	(5,000)	(5,000)
Net Income	-	-	1,177	1,177
<u>Balance, December 31, 2001</u>	200	22,143	30,667	53,010
Shareholder distributions	-	-	(4,000)	(4,000)
Net Income	-	-	699	699
<u>Balance, December 31, 2002</u>	<u>\$ 200</u>	<u>\$ 22,143</u>	<u>\$ 27,366</u>	<u>\$ 49,709</u>

See the accompanying notes to the financial statements

SCHLITT INVESTOR SERVICES, INC.
Statements of Cash Flows
Years Ended December 31, 2002 and 2001

<u>Cash flows form operating activities:</u>	<u>2002</u>	<u>2001</u>
Net income (loss)	\$ 699	\$ 1,177
Adjustments to reconcile net income to net cash provided by operating activities:		
Changes in assets and liabilities		
Receivables from brokers and clearing organizations	(1,655)	6,043
Accounts payable and other liabilities	<u>15</u>	<u>(3,267)</u>
Net cash provided by operations	<u>(941)</u>	<u>3,953</u>
<u>Cash flows from investing activities:</u>		
(Payments to)proceeds from affiliates	6,591	-
(Payments to)proceeds from other assets	8,767	-
(Payments to)proceeds from other receivables	<u>4,258</u>	<u>501</u>
Net cash (used)/provided by investing activities	<u>19,616</u>	<u>501</u>
<u>Cash flows from financing activities:</u>		
Shareholder distributions	<u>(4,000)</u>	<u>(5,000)</u>
Net cash (used)/provided by financing activities	<u>(4,000)</u>	<u>(5,000)</u>
<u>Net Increase(decrease) in cash</u>	14,675	(546)
<u>Cash, beginning of year</u>	<u>11,531</u>	<u>12,077</u>
<u>Cash, end of year</u>	<u>\$ 26,206</u>	<u>\$ 11,531</u>

See the accompanying notes to the financial statements

SCHLITT INVESTOR SERVICES, INC.

Notes to the Financial Statements

December 31, 2002 and 2001

Note 1 - Summary of Significant Accounting Policies

Organization

Schlitt Investor Services, Inc. (the Company) was incorporated September 27, 1984 under the laws of the State of Florida. The Company is a broker/dealer registered under the provision of the National Association of Securities Dealers, Inc. (NASD) and operates under a restrictive agreement with NASD. The Company operated within the exemptive provision of SEC rule 15c3-3(k)(2)(b) in that it clears all transactions with and for customers on a fully disclosed basis with a clearing broker or dealer, promptly transmits all customer funds and securities to the clearing broker or dealer and preserves books and records pursuant to rules 17a-3 and 17a-4, as are customarily made and kept by a clearing broker or dealer.

Taxes on Income

The Company has elected under Subchapter S of the Internal Revenue Code to have its income taxed directly to the stockholders. Accordingly, no income tax provision is reflected in the accompanying financial statements.

Note 2 - Reporting Comprehensive Income

SFAS No. 130 *Reporting Comprehensive Income* requires the reporting and display of comprehensive income and its components. The effective date for implication is for fiscal years beginning after December 15, 1997. There were no items reportable as comprehensive income in 2002 or 2001.

Note 3 - Deposit

The Company maintains a \$7,500 deposit balance with its clearing broker/dealer, RBC Dain Rauscher, Inc.

Note 4 - Commitments

The National Association of Securities Dealers, inc. requires the Company to maintain minimum net capital, as defined by regulation, of \$5,000.

SCHLITT INVESTOR SERVICES, INC.
Notes to the Financial Statements
December 31, 2002 and 2001

Note 5 - Related Party Transactions

Robert W. Schlitt, Jr. is the president and treasurer of the Company at December 31, 2002. Mr. Schlitt, and his cousin, own a controlling interest in Schlitt Insurance Services, Inc. The following transactions have occurred:

All of the agents registered with the NASD through Schlitt Investor Services, Inc. are employees of Schlitt Insurance. Schlitt Insurance received a commission equal to the commissions paid to the agents. Schlitt Insurance pays draws against commissions to the producers.

Schlitt Insurance Services, Inc. provides offices and management and pays overhead expenses including utility and telephone costs in exchange for a management fee. The fee is based on a percentage of monthly net income. Such fees amounted to \$106,337 and \$148,002 in 2002 and 2001, respectively. The Company also pays bonding and insurance premiums to Schlitt Insurance. Insurance expense in the amount of \$867 was incurred during 2001 in connection with such premiums.

The existence of such common control could result in operating results of the financial operations of the Company significantly different from those that would have been obtained if the enterprises were autonomous.

SUPPLEMENTARY INFORMATION

Pursuant to Rule 17a-5 of the Securities Exchange

Act of 1934

December 31, 2002

STEVEN MOHLER, CPA, PA

Certified Public Accountant

2127 - 10th Avenue

Vero Beach, Florida 32960

772-778-6699

Independent Auditors' Report on
Supplementary Information Required by Rule 17a-5
of the
Securities and Exchange Commission

To the Stockholders
Schlitt Investor Services, Inc.
Vero Beach, Florida

I have audited the financial statements of Schlitt Investor Services, Inc. for the year ended December 31, 2002, and have issued my report thereon dated February 24, 2003. My audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule I on the following page is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

I determined that Schlitt Investor Services, Inc., during the year ended December 31, 2002, was in compliance with the exemptive provisions of rule 15c3-3(k)(2)(b) in that it cleared all transactions with and for customers on a fully disclosed basis with a clearing broker or dealer, promptly transmitted all customer funds and securities to the clearing broker or dealer and preserved books and records pursuant to rules 17a-3 and 17a-4, as are customarily made and kept by a clearing broker or dealer.



Steven Mohler, CPA, PA
Certified Public Accountant

February 24, 2003

SCHLITT INVESTOR SERVICES, INC.
Schedule I - Computation of Net Capital Under Rule 15c3-1
of the Securities and Exchange Commissions

December 31, 2002

Net Capital

Total stockholders' equity	\$ 49,709
Less non - allowable assets:	
Receivables from non-customers	<u>(23,503)</u>

<u>Net Capital</u>	<u>\$ 26,206</u>
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Reconciliation with Company's Computation (included in
Part IIA of Form X-17a-5 as of December 31, 2002)

Net capital, as reported in the Company's Part IIA	
Unaudited Focus Report	\$ 25,573

Net audit adjustments	<u>633</u>
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<u>Net Capital, per above</u>	<u>\$ 26,206</u>
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STEVEN MOHLER, CPA, PA

Certified Public Accountant

2127 - 10th Avenue

Vero Beach, Florida 32960

772-778-6699

Independent Auditor's Report on Accounting Control
Required by Rule 17a-5 of the
Securities and Exchange Commission

To the Stockholders
Schlitt Investor Services, Inc.
Vero Beach, Florida

I have audited the financial statements of Schlitt Investor Services, Inc., for the ended December 31, 2002, and have issued my report thereon dated February 24, 2003. As part of my examination, I made a study and evaluation of the company's system of internal accounting control to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards and Rule 17a-5 of the Securities and Exchange Commission. This study and evaluation included the accounting system, and the practices and procedures followed by the company in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and the procedures for determining compliance with the exemptive provisions of Rule 15c3-3.

I did not review the practices and procedures followed by the company (I) in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13 or (ii) in complying with the requirements for prompt payment for securities of Section 4(c) of Regulation T of the board of Governors of the Federal Reserve Board, because the company does not carry security accounts for customers or perform custodial functions relating to customer securities. Rule 17a-5 states that the scope of the study and evaluation should be sufficient to provide reasonable assurance that any material weaknesses existing at the date of our examination would be disclosed and, with respect to Rule 15c3-3, should provide reasonable assurance of compliance, in all material respects, with the possession and control requirement of that Rule. Under generally accepted auditing standards and Rule 17a-5, the purposes of such study and evaluation are to establish a basis for reliance on the system of internal accounting control in determining the nature, timing and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements and to assist the auditor in planning performing his examination of financial statements and to provide a basis for reporting material weaknesses in internal accounting control.

The objective of internal accounting control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management. However, for the purposes of this report under SEC Rule 17a-5, the determination of weaknesses to be reported was made without considering the practicability of corrective action by management within the framework of a cost/benefit relationship.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends on segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My examination of the financial statements made in accordance with generally accepted accounting standards, including the study and evaluation of the company's system of internal accounting control for the period ended December 31, 2002, that was made for the purposes set forth in the first paragraph of this report, would not necessarily disclose all weaknesses in the system because it was based on selective tests of accounting records and related data. Accordingly, I do not express an opinion on the system of internal accounting control of Schlitt Investor Services, Inc. taken as a whole. However, my study and evaluation disclosed no condition that I believed to be a material weakness.

A handwritten signature in black ink, appearing to read "Steven Mohler", with a stylized flourish at the end.

Steven Mohler, CPA, PA
Certified Public Accountant

February 24, 2003